

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re) Case No. _____
)
) NOTICE OF **PRELIMINARY**
) HEARING ON MOTION
) FOR USE OF CASH COLLATERAL
) TO OBTAIN CREDIT
Debtor(s)) (Check One)

YOU ARE NOTIFIED THAT:

1. The undersigned moving party, _____, filed a Motion For Use of Cash Collateral To Obtain Credit (*check one*). A copy of the motion is attached; and it includes BOTH (i) the statement required by [Local Form #541.7](#), and (ii) the following allegations:

a. The immediate and irreparable harm that will come to the estate pending a final hearing is _____.

b. The amount of cash collateral credit (*check one*) necessary to avoid the harm detailed above prior to the final hearing is _____.

2. The name and service address of the moving party's attorney (or moving party, if no attorney) are: _____.

3. A **PRELIMINARY** HEARING on the motion WILL BE HELD ON _____ AT _____ IN _____.

Testimony will be received if offered and admissible.

4. If you wish to object to the motion, you must do one or both of the following: (1) attend the preliminary hearing; and/or (2) file with the Clerk of Court (i.e., if the 5-digit portion of the Case No. begins with "3" or "4", mail to 1001 SW 5th Ave. #700, Portland OR 97204; OR if it begins with "6" or "7", mail to 405 E 8th Ave #2600, Eugene OR 97401), a written response, which states the facts upon which you will rely and, if the response is filed within three business days before the hearing, notify the judge's chambers by telephone immediately after filing the document, as required by LBR 9004-1(b). See [Local Form #541.51](#) for details.

5. On _____ copies of BOTH this notice AND the motion were served pursuant to FRBP 7004 on the debtor(s); any debtor's attorney; any trustee; any trustee's attorney; members of any committee elected pursuant to 11 U.S.C. §705; any Creditors' Committee Chairperson [or, if none serving, on all creditors listed on the list filed pursuant to FRBP 1007(d)]; any Creditors' Committee attorney; the U.S. Trustee; and all affected lien holders whose names and addresses used for service are as follows:

Signature

(If debtor is movant) Debtor's Address & Taxpayer ID#(s) (last 4 digits)

1 Christopher L. Parnell, OSB No. 054352
2 Email: cparnell@dunncarney.com
3 Dunn Carney Allen Higgins & Tongue LLP
4 851 SW Sixth Avenue, Suite 1500
5 Portland, OR 97204-1357
6 Telephone: 503.224.6440
7 Fax: 503.224.7324

8 Attorneys for Debtors

9 UNITED STATES BANKRUPTCY COURT
10 DISTRICT OF OREGON

11 In re

12 Northland Holdings LLC,
13 Debtor.

Case No. 14-36742-11

14 In re

15 Muskie Properties, LLC,
16 Debtor.

Case. No. 14-36745-11

17 **DEBTORS' MOTION FOR**
18 **TEMPORARY AND FINAL**
19 **AUTHORITY TO USE CASH**
20 **COLLATERAL**

EXPEDITED HEARING
REQUESTED

21 Pursuant to 11 U.S.C. § 363(c) and Bankruptcy Rule 4001(b), Northland Holdings
22 LLC ("Northland") and Muskie Properties, LLC ("Muskie") (together, "Debtors") move this
23 Court for an order (a) authorizing Debtors to use cash collateral in which Wells Fargo Bank,
24 National Association ("Wells Fargo") has an interest on a temporary basis until a final
25 hearing can be held on this motion; and (b) after final hearing held pursuant to Bankruptcy
26

1 Rule 4001(c)(2), a final order authorizing Debtors to use cash collateral during the pendency
2 of these cases. In support of this motion, Debtors state as follows:

3 1. On December 10, 2014 (the "Petition Date"), Debtors filed voluntary petitions
4 for relief under Chapter 11 of Title 11 of the United States Code.¹

5 2. Debtors have continued in possession of their property and are continuing to
6 operate and manage their businesses as debtors-in-possession pursuant to §§ 1107(a) and
7 1108 of the Bankruptcy Code.

8 3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and
9 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core
10 proceeding pursuant to 28 U.S.C. § 157(b)(2).

11 4. No request has been made for the appointment of a trustee or examiner, and
12 an official committee has not yet been established in this case.

13 5. Northland is an Oregon limited liability company formed in 2007 with its
14 principal place of business in Bend, Oregon.

15 6. Muskie is a Washington limited liability company formed in 2007, with its
16 principal place of business in Bend, Oregon.

17 7. Northland and Muskie are each wholly owned by Gerlicher Company LLC.

18 8. Northland and Muskie, as tenants-in-common, own and operate commercial
19 real property located at 916 Lake Shore Drive in Ashland, Wisconsin (the "Property"). The
20 Property has a single tenant, the General Services Administration on behalf of the Bureau of
21 Indian Affairs.

22 9. As of the Petition Date, Debtors were indebted to Wells Fargo in the
23 approximate principal amount of \$3,110,000. The obligations of Debtors to Wells Fargo are
24

25 _____
26 ¹ Debtors have filed a motion for joint administration of their Chapter 11 cases pursuant to
FRBP 1015(b).

1 secured by a perfected first security interest in substantially all of Debtors' assets, including
2 rents.

3 10. In order to preserve and maintain the assets of the estate, Debtors require cash
4 for the payment of utilities, operating expenses (including taxes and insurance), and
5 management fees. Debtors have prepared a budget, a copy of which is attached as **Exhibit 1**.

6 11. Debtors' budget projects that Debtors will use approximately \$1,450 to
7 \$23,850 per week from December 10, 2014 through March 10, 2015 for normal and usual
8 operating expenses (excluding debt service). In addition, Debtors will need funds for
9 deposits to utilities, if such deposits are requested.

10 12. Debtors seek Court authority to fund the expenses set forth on **Exhibit 1** from
11 their cash flow.

12 13. It is in the best interest of Debtors, their creditors, and their estates for Debtors
13 to use cash collateral because use of cash collateral will allow the continued operation of
14 Debtors as going concerns and will maximize the likelihood of reorganization, thereby
15 maximizing the recovery to creditors.

16 14. To provide adequate protection for the use by Debtors of cash in which Wells
17 Fargo claims or may claim an interest, Debtors will provide Wells Fargo with a continuing
18 security interest in all assets of Debtors from and after the Petition Date of the same category,
19 kind, character, priority, and description as was subject to a perfected and valid security
20 interest in existence on the Petition Date. As additional adequate protection, Debtors will
21 continue making monthly interest payments to Wells Fargo at the non-default contract rate of
22 interest. The adequate protection security interest and payments shall not improve the
23 position of Wells Fargo.

24 15. As additional adequate protection for the use by Debtors of cash in which
25 Wells Fargo claims or may claim an interest, Debtors will continue to maintain and manage
26

1 the Property, pay taxes and insurance on the Property, and protect the Property from
2 diminution in value from and after the Petition Date.

3 16. To the extent Debtors are permitted to use cash collateral, that use will be
4 reinvested in operating and maintaining the Property and its value which, in turn, will protect
5 Wells Fargo's interests.

6 17. To preserve the value of Debtors as going concerns, Debtors require the use of
7 cash collateral in which Wells Fargo has an interest.

8 18. Debtors will suffer immediate and irreparable harm if they are not permitted
9 to use cash collateral in which Wells Fargo has an interest.

10 19. None of the provisions listed in L.B.F. 541.7 are included in this motion or the
11 proposed order.

12 20. A copy of the proposed Order Authorizing Use of Cash Collateral and
13 Granting Adequate Protection is attached hereto as **Exhibit 2**.

14 WHEREFORE, Debtors pray that this Court enter an interim order (a) authorizing
15 Debtors to use cash collateral, pending a final hearing on this motion; (b) granting to Wells
16 Fargo adequate protection as herein proposed or as otherwise approved by the Court; and
17 (c) setting a final hearing on this motion.

18 DATED: December 10, 2014.

19 DUNN CARNEY ALLEN HIGGINS & TONGUE LLP
20

21 /s/ Christopher L. Parnell
22 Christopher L. Parnell, OSB No. 054352
23 Email: cparnell@dunncarney.com
24 Attorneys for Debtors
25
26

EXHIBIT 1

BUDGET

Muskie Properties / Northland Holdings
13 Week Cash Budget

Muskie 13 Week Budget

	Week 1 12/10/14 12/16/14	Week 2 12/17/14 12/23/14	Week 3 12/24/14 12/30/14	Week 4 12/31/14 01/06/15	Week 5 01/07/15 01/13/15	Week 6 01/14/15 01/20/15	Week 7 01/21/15 01/27/15	Week 8 01/28/15 02/03/15	Week 9 02/04/15 02/10/15	Week 10 02/11/15 02/17/15	Week 11 02/18/15 02/24/15	Week 12 02/25/15 03/03/15	Week 13 03/04/15 03/10/15
Beginning Cash Balance	18,421	12,161	7,348	2,998	40,508	31,071	29,840	5,990	47,575	33,388	29,375	24,525	66,035
Cash Receipts													
Rental Income	-	-	-	44,710	-	3,682	-	44,710	-	-	-	44,710	-
Total Cash Receipts	0	0	0	44,710	0	3,682	0	44,710	0	0	0	44,710	0
Disbursements													
Fire Monitoring	-	-	-	-	27	-	-	-	-	27	-	-	1,150
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Janitor Services	-	800	-	900	-	900	-	-	900	-	900	-	900
Janitorial & Misc. Supplies	-	-	400	-	-	-	400	-	-	-	-	400	-
Landscaping	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Management	-	1,563	-	-	-	1,563	-	-	-	1,563	-	-	-
Pest Control	-	-	-	-	55	-	-	-	55	-	-	-	55
Manager Fee	-	-	-	-	2,500	-	-	-	2,500	-	-	-	2,500
Property Taxes	-	-	-	-	-	-	22,000	-	-	-	-	-	-
Repairs & Maintenance	950	950	950	950	950	950	950	950	950	950	950	950	950
Snow Removal	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-
Trash Disposal	-	-	-	-	595	-	-	-	595	-	-	-	595
Utilities - Electric / Gas	-	-	-	3,500	-	-	-	-	3,850	-	-	-	4,050
Utilities - Water / Sewer	-	-	-	350	-	-	-	350	-	-	-	350	-
Annual Fees	-	-	-	-	-	-	-	-	-	-	-	-	160
Travel	-	-	2,500	-	-	-	-	-	-	-	2,500	-	-
Wells Fargo Mortgage Interest	4,810	-	-	-	4,810	-	-	-	4,810	-	-	-	4,810
Quarterly Trustee Fee	-	-	-	-	-	-	-	325	-	-	-	-	-
Contingency	500	500	500	500	500	500	500	500	500	500	500	500	500
Total Disbursements	6,260	4,813	4,350	7,200	9,437	4,913	23,850	3,125	14,187	4,013	4,850	3,200	15,670
Net Cash Flow for Week	(6,260)	(4,813)	(4,350)	37,510	(9,437)	(1,231)	(23,850)	41,585	(14,187)	(4,013)	(4,850)	41,510	(15,670)
Ending Cash Balance	12,161	7,348	2,998	40,508	31,071	29,840	5,990	47,575	33,388	29,375	24,525	66,035	50,365

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EXHIBIT 2

PROPOSED FORM OF ORDER

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re

Northland Holdings LLC,
Debtor.

Case No. 14-36742-11

In re

Muskie Properties, LLC,
Debtor.

Case. No. 14-36745-11

**INTERIM ORDER AUTHORIZING
USE OF CASH COLLATERAL**

THIS MATTER having come before the Court for an interim hearing on the Debtors' Motion for Temporary and Final Authority to Use Cash Collateral (the "Motion"), the Court has reviewed the Motion and the files and records in this case, has heard the statements of counsel on the record, has been advised by Debtors that Wells Fargo Bank, National Association ("Wells Fargo") claims a security interest in Debtors' cash collateral, and being otherwise fully advised; The Court finds as follows:

1. The notice given to creditors of this hearing was adequate;

Page 1 of 3 - INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

DUNN CARNEY ALLEN HIGGINS & TONGUE LLP
Attorneys at Law

851 SW Sixth Avenue, Suite 1500
Portland, Oregon 97204
Telephone: 503-224-6440 Fax: 503-224-7324

2. Debtors have an immediate need for the use of cash collateral to protect the estates from harm and preserve their value and will suffer irreparable harm if the immediate use of cash is not granted.

IT IS THEREFORE ORDERED that:

1. The Motion is approved on an interim basis without prejudice to other parties in interest.

2. Pending further hearing on the use of cash collateral, Debtors are authorized to use cash collateral, including cash flow, within the parameters of the budget attached hereto as **Exhibit 1**, so long as such use does not exceed the budget by more than 10% on a cumulative basis; provided, however, that the use of cash collateral may be continued on an interim basis by mutual consent of Debtors and Wells Fargo, subject to approval of the Court.

3. Wells Fargo will continue to have security interests in Debtors' real property, leases, rents, and accounts to the same extent and to with the same priority that Wells Fargo held valid and perfected security interests and liens as of the Petition Date.

4. As additional Adequate Protection, Debtors will continue making monthly interest payments to Wells Fargo at the non-default contract rate of interest.

5. Nothing herein shall be construed to enhance the secured position of Wells Fargo as it existed on the date of the filing of the petition.

IT IS FURTHER ORDERED that a further hearing on Debtors' Motion for Temporary and Final Authority to Use Cash Collateral shall be held on _____, _____, 2014, at ____ a.m./p.m. Debtors shall provide notice thereof.

#

* * *

* * *

* * *

Page 2 of 3 - INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

DUNN CARNEY ALLEN HIGGINS & TONGUE LLP

Attorneys at Law

851 SW Sixth Avenue, Suite 1500

Portland, Oregon 97204

Telephone: 503-224-6440 Fax: 503-224-7324

I certify that I have complied with the requirements of LBR 9021-1(a).

Presented by:

DUNN CARNEY ALLEN HIGGINS & TONGUE LLP

By /s/ Christopher L. Parnell

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Attorneys for Debtors

cc: List of Interested Parties

Page 3 of 3 - INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

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EXHIBIT 1

BUDGET

Muskie Properties / Northland Holdings
13 Week Cash Budget

Muskie 13 Week Budget

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	12/16/14	12/23/14	12/30/14	01/06/15	01/13/15	01/20/15	01/27/15	02/03/15	02/10/15	02/17/15	02/24/15	03/03/15	03/10/15
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Janitor Services	-	800	-	900	-	900	-	-	900	-	900	-	900
Janitorial & Misc. Supplies	-	-	400	-	-	-	400	-	-	-	-	400	-
Landscaping	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Management	-	1,563	-	-	-	1,563	-	-	-	1,563	-	-	-
Pest Control	-	-	-	-	55	-	-	-	55	-	-	-	55
Manager Fee	-	-	-	-	2,500	-	-	-	2,500	-	-	-	2,500
Property Taxes	-	-	-	-	-	-	22,000	-	-	-	-	-	-
Repairs & Maintenance	950	950	950	950	950	950	950	950	950	950	950	950	950
Snow Removal	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-
Trash Disposal	-	-	-	-	595	-	-	-	595	-	-	-	595
Utilities - Electric / Gas	-	-	-	3,500	-	-	-	-	3,850	-	-	-	4,050
Utilities - Water / Sewer	-	-	-	350	-	-	-	350	-	-	-	350	-
Annual Fees	-	-	-	-	-	-	-	-	-	-	-	-	160
Travel	-	-	2,500	-	-	-	-	-	-	-	2,500	-	-
Wells Fargo Mortgage Interest	4,810	-	-	-	4,810	-	-	-	4,810	-	-	-	4,810
Quarterly Trustee Fee	-	-	-	-	-	-	-	325	-	-	-	-	-
Contingency	500	500	500	500	500	500	500	500	500	500	500	500	500
Total Disbursements	6,260	4,813	4,350	7,200	9,437	4,913	23,850	3,125	14,187	4,013	4,850	3,200	15,670
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